H. S. S. VENDING DISTRIBUTORS
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July 29, 1994

Office of the Secretary
Federal Communications Commission
Washington, D.C. 20554

RE: CC Docket No. 92-77 -- Billed Party Preference For 0+ InterLATA Calls

Dear Sirs:

As the owner of HSS Vending Distributors, an Operator Service Provider (OSP) and an Interexchange Carrier (IXC), I am seriously concerned about the potential negative impact upon consumers, the workforce, our local economy and the public-at-large should the Federal Communications Commission (FCC) Proposed Ruling on the subject of Bill Party Preference (BPP) be implemented. As such, I respectfully submit and strongly urge you to consider the following views in opposition to the FCC's Further Notice of Proposed Rule Making (FNPRM).

<u>Imposition of BPP unfairly imposes its hidden costs upon the consumer.</u> First, the existing record in this proceeding indicates that estimated start-up costs to implement BPP will reach the $1.1 billion level. These exorbitant costs, which cannot be otherwise offset, coupled with the ongoing and increased BPP network configuration, rearrangement and maintenance expenses to be incurred by the LEC's and OSP's, are certain ultimately to fall squarely upon the shoulders of the consumer.

Second, regardless of whether BPP would require double operator service to complete certain 0+ calls or whether BPP could electronically deliver data from the LEC OSS to the IXC to obviate the need for an IXC operator, any ultimate BPP per-call processing charge would certainly be borne by the consumer for every attempted 0+ call.

Third, escalation of costs imposed upon the consumer over both the long- and short-term is assured. Implementation of BPP, in providing an unfair competitive advantage to larger carriers, stifles competition and effectively eliminates many small OSP's from the marketplace. Simple economics suggests that as a direct result of the absence of these OSPs from the existing competitive arena, competitive pricing disappears and consumers are left unprotected against spiriling costs resulting from monopolized operator-assisted calling.

Implementation of BPP is unfair to and destroys certain OSP business market sectors. First, implementation of BPP effectively creates an OSP monopoly comprised of only the local telephone companies and the largest long-distance companies because of their nationwide marketing reach and advertising might. Despite an offering to the public of lower rates, these circumstances make it impossible for smaller OSP's to compete and to attract new customers and, as such, they are effectively eliminated from the marketplace.

Second, implementation of BPP requires of OSP's such high initial and ongoing costs, rearrangements and maintenance that smaller OSP's, even though their costs may be passed on to the ultimate consumer, cannot survive such severe financial burden for even the short term.

Third, implementation of BPP, in creating a LEC monopoly of operator services, thereby effects a decrease in the level of compensation for aggregators. This will rapidly precipitate a decline in the demand for and eventual availability of public telephones, causing a disservice to the public, driving smaller OSP's out of the market.

I appreciate this opportunity to express my views on this subject to you. Thank you for your kind consideration and attention to this important matter.

Very truly yours,

Richard G. Hersperger